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2 UNITED STATES BANKRUPTCY COURT

3 SOUTHERN DISTRICT OF NEW YORK

4 Case No. 05-44481

5 - - - - -x

6 In the Matter of:

7

8 DELPHI CORPORATION,

9

10 Debtor.

11

12 - - - - -x

13

14 March 9, 2006

15 10:02 a.m.

16

17 United States Bankruptcy Court

18 One Bowling Green

19 New York, New York 10004

20

21 B E F O R E:

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23 HON. ROBERT D. DRAIN

24 U.S. BANKRUPTCY JUDGE

25

1 DELPHI CORPORATION

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3 MOTION for Administrative Order Under 11
4 U.S.C. Section 331 (I) Establishing Procedures
5 for Interim Compensation and Reimbursement of
6 Expenses of Professionals and (II) Setting a
7 Final Hearing Thereon (Docket No. 11)

8

9 ORDER to Show Cause - Behr Industries (Docket
10 No. 774)

11

12 ORDER to Show Cause - JST Mfg. Co. Ltd.
13 (Docket No. 1369)

14

15 MOTION of Appaloosa Management LP, Pursuant to
16 11 U.S.C. Section 1102(a)(2) for an Order
17 Directing the United States Trustee to Appoint
18 an Equity Committee in These Chapter 11 Cases
19 (Docket No. 1604)

20

21 ORDER to Show Cause - Deutsche Dagan (Docket
22 No. 1815)

23

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1 DELPHI CORPORATION

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3 MOTION for Order Under 11 U.S.C. Section
4 365(d)(2) Directing Debtor Delphi Automotive
5 Systems, LLC to Determine Within 150 Days
6 Whether to Assume or Reject its Nonresidential
7 Real Property Lease With Cherokee North Kansas
8 City, LLC (Docket No. 1834)

9

10 OFFICIAL Committee of Unsecured Creditors'
11 Application for an Order Under Section 328 and
12 1103 of the Bankruptcy Code and Bankruptcy
13 Rule 2014 Approving Retention of Jefferies &
14 Company, Inc. as Investment Bankers and
15 Financial Advisor to the Committee (Docket No.
16 1948)

17

18 MOTION for Relief from Stay to Allow Case to
19 Continue in the State Indiana Howard County
20 Superior Court 11 (Docket No. 2397)

21

22 ORDER to Show Cause - Schmidt Technology GmbH
23 (Docket No. 477)

24

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3 MOTION of Entergy Mississippi Inc. for (II)
4 Relief from Stay to Exercise Recoupment and/or
5 Setoff Rights Pursuant to Section 553 of the
6 Bankruptcy Code and (II) Other Related Relief
7 (Docket No. 1024)

8

9 MOTION to Amend the Order Under 11 U.S.C.
10 Section 102(1) and 105 Fed. R. Bankr. P.
11 2002(m), 9006, 9007, and 9014 Establishing (I)
12 Omnibus Hearing Dates (II) Certain Notice,
13 Case Management, and Administrative
14 Procedures, and (III) Scheduling an Initial
15 Case Conference in Accordance with Local
16 Bankr. R. 1007-2(e) (Docket No. 1556)

17

18 MOTION by ERISA Lead Plaintiff for
19 Certification Under Fed. R. Bankr. P. 7023 and
20 to Appoint Counsel (Docket No. 2148)

21

22 MOTION to Further Extend the Time Period
23 Within Which Debtors may Remove Actions Under
24 28 U.S.C. Section 1452 and Fed. R. Bankr. P.
25 9006, and 9027 (Docket No. 2430)

1 DELPHI CORPORATION

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3 MOTION for Order Under 11 U.S.C. Section 363
4 and Fed. R. Bankr. P. 6004 Authorizing and
5 Approving Sale of Debtors' Equity Interest in
6 Chinese Joint Venture (Docket No. 2436)

7

8 MOTION Under 11 U.S.C. Sections 363, 1107, and
9 1108 Authorizing Delphi Automotive Systems LLC
10 to Make Equity Investments in Delphi Furukawa
11 Wiring Systems LLC and Approving Procedures to
12 make Additional Contributions Without Further
13 Court Approval (Docket No. 2442)

14

15 MOTION for Order Under 11 U.S.C. Sections 362,
16 363, and 365 Authorizing Debtors to (I) Obtain
17 Significant Improvement in Energy Costs by
18 Modifying Agreements with Lockport Energy
19 Associates L.P. and New York State Electric
20 and Gas Corporation, and (III) Consent to
21 Relief from Automatic Stay for Limited Purpose
22 of Allowing Lockport Energy Associates L.P. to
23 Record Modified Easements (Docket No. 2444)

24

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3 MOTION of Appaloosa Management L.P. to File
4 Under Seal (I) its Motion to Compel
5 Depositions and Exhibits Thereto and (2) its
6 Motion to Compel Production of Documents and
7 Exhibits Thereto (Docket No. 2566)

8

9 MOTION for Order Directing Appointment of
10 General Motors Corporation to Statutory
11 Creditors' Committee (Docket No. 2443)

12

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14 SUMMONS and Notice of Pretrial Conference in
15 an Adversary Proceeding (Docket No. 4)

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23 Transcribed By: Esther Accardi

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2 P R O C E E D I N G S

3 THE COURT: Please be seated.

4 All right, Delphi Corporation.

5 MR. BUTLER: Your Honor, good
6 morning. My name is Jack Butler. I'm
7 with the law firm of Skadden, Arps,
8 Slate, Meagher & Flom, LLP, here with my
9 partner Kayalyn Marafioti and Tom Matz
10 for the companies for Delphi
11 Corporation's fifth omnibus hearing.
12 Your Honor, we have filed and served a
13 proposed agenda for today that has 19
14 matters on it. With Your Honor's
15 permission we'll follow the agenda.

16 THE COURT: Okay.

17 MR. BUTLER: Your Honor, the
18 first matter on the agenda is the
19 balance of our first day motion the
20 docket number 11, dealing with
21 procedures for interim compensation
22 reimbursement of professionals, in terms
23 of their expenses. What's left before
24 the Court is the fee committee matter.
25 We also had advised chambers earlier

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2 that there had been concurrence between
3 the U.S. Trustee, the creditors'
4 committee and the debtors to clarify
5 paragraph 1(j) of the compensation order
6 dealing with the timing of the filing of
7 inter-fee applications in this case.

8 THE COURT: All right.

9 MR. BUTLER: And, we've
10 submitted an order to chambers, and I
11 understand Your Honor has signed and has
12 been docketed, docketed number 2747 that
13 will clarify that fee applications will
14 be filed on the last calendar day of the
15 second month following each fee period,
16 so there's a point of clarity in terms
17 of the actual filing time.

18 THE COURT: Right.

19 MR. BUTLER: And, second, that
20 the fee committee can be resolved either
21 through the U.S. Trustee and the
22 creditors' committee and the debtors
23 submitting a proposed order to Your
24 Honor at chambers between now and April
25 7th or that Your Honor will dispose of

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2 the matter at the April 7th omnibus
3 hearing.

4 THE COURT: Okay.

5 MR. BUTLER: Thank you, Your
6 Honor. Matter number 2 on the agenda
7 and matter number 3 on the agenda, Behr
8 Industries and GSE Manufacturing Company
9 Ltd., dockets number 774 and 1369 are
10 being handled by the Togut firm. Neil,
11 Mr. Berger?

12 MR. BERGER: Good morning,
13 Judge.

14 THE COURT: Good morning.

15 MR. TODER: Neil Berger, Togut,
16 Segal & Segal on number 2 as Behr
17 Industries. This is a matter rising on
18 the calendar as a result of Your Honor's
19 order to show cause concerning a post-
20 petition payment made to Behr on account
21 of pre-petition obligations. We
22 conducted a deposition of Behr on
23 Monday. Part of what happened on Monday
24 were settlement negotiations, and while
25 we're hopeful that something can be

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2 worked out, we can't be certain. We
3 spoke with your staff and were asked to
4 call back after today's hearing to give
5 a further status and also to receive
6 information from chambers whether or
7 not, if a substantive argument on this
8 matter is required, whether or not it
9 would be argued on April 7th or a
10 separate date. I suspect that your
11 staff will want to know where we are and
12 what the remaining issues are.

13 THE COURT: That's right and
14 also what else is on for the 7th.

15 MR. BERGER: Yes, Your Honor.

16 THE COURT: Okay.

17 MR. BERGER: In JST is similar;
18 we had a deposition of JST on Friday.
19 They have some discovery outstanding,
20 there are some disputes and we're trying
21 to work through those discovery disputes
22 without Your Honor being involved. I
23 did speak with JST counsel, who's here
24 with me today and he indicated that his
25 client, like ours, is interested in

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2 seeing if there's some type of
3 settlement that can be worked out.
4 We'll speak with them either tomorrow or
5 Monday morning and be prepared to report
6 to chambers when we call about the
7 hearing date.

8 THE COURT: Okay. Very well.

9 MR. BUTLER: Your Honor, matter
10 number 4 on the agenda is the motion of
11 Appaloosa Management LP, for an order
12 directing United States Trustee to
13 appoint an equity committee in these
14 Chapter 11 cases; it's filed a docket
15 number 1604. As Your Honor is aware in
16 part from a chambers conference
17 conducted last week, there'd been a
18 series of discovery matters that need to
19 be resolved here. It was a view of the
20 debtors, after consultation of the
21 creditors' committee, that we wanted to
22 have an unambiguous and schedule as to
23 what would needed to be done before the
24 hearing. We submitted a proposed
25 consent order to chambers, which I

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2 believe Your Honor has reviewed and
3 signed and docketed at docket number
4 2745, that will lead to a special
5 sitting of the Court on March 21st for
6 that hearing.

7 THE COURT: That's right.

8 MR. BUTLER: Matter number 5,
9 Your Honor, is Deutsche Dagan, docket
10 number 1815. Again, it's Mr. Berger's
11 matter.

12 THE COURT: You can talk from
13 there if you want, you don't have to --
14 whatever you're comfortable with.

15 MR. BERGER: Your Honor, this
16 also is a matter on the agenda brought
17 on by Your Honor's order to show cause,
18 docket number 1815. This concerns a
19 roughly \$200,000 payment made post-
20 petition to this vendor on account of
21 pre-petition obligations. Your Honor
22 and I discussed last time that this is a
23 matter where service of process is
24 occurring through the Hague Convention
25 and Your Honor was correct, it is taking

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2 its time. This matter will be
3 adjourned. We are being proactive
4 though, Your Honor, we're speaking with
5 counsel for Deutsche Dagan at the
6 Proskauer Rose firm. They are asserting
7 lack of personal jurisdiction and we're
8 trying to work through those issues as
9 we go along.

10 THE COURT: Okay, so this one
11 probably won't be on for April 7th or
12 we're not sure -- probably not.

13 MR. BERGER: Not likely.

14 THE COURT: Okay. Very well.

15 MR. BUTLER: Your Honor, number
16 6 on the agenda is the motion of
17 Cherokee North Kansas City LLC to
18 establish for cause under 365(d)(2), a
19 shortening of the time to assume or
20 reject their particular lease in Kansas
21 City seeking a shortened 150-day period
22 from the prior 365(d)(4) order to which
23 they had not objected. Your Honor,
24 after several meet and confer
25 conferences under the case management

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2 order, with Cherokee, the parties have
3 agreed to a consensual discovery process
4 that would move this matter for hearing
5 at the April 7th omnibus hearing. There
6 are three depositions to be taken in --
7 under the agreement in Michigan,
8 Colorado and Kansas City, all limited to
9 three hours. And there is some document
10 productions to occur between now and
11 April 1st. And, Your Honor, we believe
12 that the parties will be able to adhere
13 to that deadline. We also want to
14 continue our settlement discussions with
15 Cherokee and we'll be back on April 7th.

16 THE COURT: Okay. And I think
17 I have some sort of discovery order on
18 my desk on this, is that right?

19 MR. BUTLER: Your Honor, I know
20 that we had, there was a protective
21 order --

22 THE COURT: That's it. Okay,
23 that will get in today, I think.

24 MR. BUTLER: Thank you, Your
25 Honor. Your Honor, the next matter on

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2 the agenda is the application of the
3 creditors' committee to engage Jefferies
4 & Company, Inc. as their investment
5 banker. It's at docket number 1948 and
6 there have been some related filings by
7 the committee as well. The committee
8 and the debtors have agreed to adjourn
9 this matter until the April 7th hearing
10 so that there can be some further
11 discussions on the form of engagement
12 letter and retention order. Clearly
13 Your Honor, this extension was an
14 accommodation to the debtors and we
15 would expect to support, at the point in
16 time, we work out this issue a nunc pro
17 tunc engagement. Jefferies is actively
18 working on the matter.

19 THE COURT: Okay, that's fine.

20 MR. BUTLER: Your Honor, matter
21 number 8 on the agenda is a motion for
22 relief from stay to allow a particular -
23 - a State Court action to continue in
24 the Indiana Howard County Superior
25 Court, filed at docket number 2937.

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2 This was filed by a non-attorney, Ms.
3 Eva Orlik, and while the documents and
4 case management and other matters were
5 not observed, we've actually on behalf
6 of the debtors, taken some additional
7 time with Ms. Orlik to try to advise her
8 of the appropriate procedures to
9 encourage her to consider hiring an
10 attorney and to determine how she wants
11 to proceed in this matter. The matter
12 was deficient of the case management but
13 because the manner in which she filed
14 and that she's not an attorney, we've
15 taken some extra steps with her. She's
16 advised us that she is contemplating
17 hiring an attorney and asked us to
18 adjourn the matter to the April 7th
19 hearing. We've agreed.

20 THE COURT: Okay. She doesn't
21 have an attorney in the state court
22 litigation?

23 MR. BUTLER: She has an
24 attorney, I believe, in the state court
25 litigation, but not acting for her in

1 DELPHI CORPORATION

2 this case.

3 THE COURT: All right. Okay,
4 that's fine.

5 MR. BUTLER: Moving on, Your
6 Honor, to uncontested or agreed or
7 settled matters. The first of those
8 matters, actually the first two matters
9 here are the Schmidt Technology and
10 Entergy matters at docket numbers 477
11 and 1024; Mr. Berger's handling those.

12 MR. BERGER: Judge, the number
13 9, Schmidt Technology, has been
14 resolved. This was brought on by Your
15 Honor's order to show cause in
16 connection with a post-petition claim of
17 approximately 100 Euros equates to
18 approximately \$117,000 U.S. dollars to
19 Schmidt post-petition on account of pre-
20 petition obligations. Schmidts supplies
21 sensor modules that's used in our supply
22 chain important for our manufacturing
23 operations, we need those parts. We've
24 resolved this matter so that the
25 agreement which would otherwise have

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2 expired on December 31, '05 would be

3 extended until June of '07, it's an 18

4 month extension. Same pricing same

5 terms as the party's pre-petition

6 agreements. However, as a result of the

7 extension only being 18 months rather

8 than two years, it technically falls as

9 a non-conforming assumption under Your

10 Honor's December 12th sole source

11 assumption order. Under that order

12 there's a built-in procedure that

13 provides the committee and the pre-

14 petition agent with a five day review

15 process. Yesterday we received an e-

16 mail from counsel for the agent

17 affirmably stating that the agent has no

18 objection. The committee's reviewed

19 here and it sounds, I believe, at the

20 end of today. We do have an agreement

21 with Schmidt subject to the committee's

22 review period and a form of an order.

23 We think it would be prudent to let the

24 committee have that last bit of review

25 period. Hopefully, we'll be submitting

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2 an order to Your Honor either tomorrow
3 or sometime early next week.

4 THE COURT: Okay.

5 MR. BERGER: In number 10,
6 Entergy Mississippi, that was argued
7 last time Your Honor, Entergy sought to
8 recoup against a \$600,000 deposit. Your
9 Honor asked two questions that Your
10 Honor ruled that this a recoupment.
11 Your Honor asked us to look at two
12 issues. One was the posting of the
13 deposit, potentially preferential and if
14 it was, are there defenses. And what
15 we've determined, Your Honor, is that at
16 the time the deposit was posted there
17 were services having been provided by
18 Entergy after the date of the prior
19 payment to the date of the deposit with
20 an invoice value approaching \$300,000.
21 So to answer Your Honor's first
22 question, potentially \$300,000 of that
23 deposit could be looked at as a
24 preference. But we did exchange
25 information with Entergy, we looked at

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2 our own books and records and determined
3 that after the deposit was posted there
4 was subsequent revalue at an excess of a
5 million dollars and negates the issue of
6 a preference. So we've resolved this.
7 We resubmitted a form order to your
8 chambers yesterday.

9 THE COURT: Okay, I think that
10 was signed.

11 MR. BERGER: Thank you, Judge.

12 THE COURT: All right.

13 MR. BUTLER: Your Honor, the
14 next matter on the agenda is the case
15 management amendment motion filed by the
16 creditors' committee at docket number
17 1556. The debtors and the creditors'
18 committee have worked this matter out
19 and had submitted a proposed
20 supplemental case management order to
21 chambers. We followed the Court's
22 guidance to take a look at the Refco
23 case management order and have made some
24 changes to the process. Essentially,
25 Your Honor, paragraph 3 of the

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2 supplemental case management order

3 provides for the omnibus hearing, dates

4 and times through January 2007.

5 Paragraph 9, at the request of the U.S.

6 Trustee provides that the U.S. Trustee's

7 office should not receive electronic

8 notices or communications unless the

9 U.S. Trustee authorizes that. Paragraph

10 11 provides that so long as the debtors

11 or the creditors' committee counsel do

12 not object, that the 10-day deadline

13 that's currently case management order

14 can continue to be used, but if there is

15 an objection, that there has to be --

16 there's a process now set forth in the

17 order for explaining the need for

18 emergency or expedited relief. And

19 there's an escalating process that would

20 include also a chambers conference if

21 necessary as described in the procedures

22 in the order. The objection deadlines

23 have been maintained as they were in the

24 original order and there is a now formal

25 requirement of paragraph 15 of the order

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2 to provide electronic service of the
3 actual pleading and the e-mail that's
4 sent out from the notice agent which is
5 something we've been doing on an
6 informal basis since pretty much the
7 commencement of the case, but it's now
8 formally captured in the order. That
9 summarizes basically arrangements that
10 we have reached.

11 THE COURT: I've reviewed it
12 and the only thing I did is I put in
13 bold the requirements, send a hard copy
14 to chambers of pleadings, just so people
15 remember to do that. And with regard to
16 orders, if people have any confusion
17 about getting orders to chambers, just
18 call my clerks and they'll lay out the
19 process with them.

20 MR. BUTLER: Thank you, Your
21 Honor.

22 THE COURT: Okay. So that's
23 granted.

24 MR. BUTLER: Your Honor, matter
25 number 12 in the agenda is the ERISA

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2 lead plaintiff's class certification

3 motion, filed at docket number 2148.

4 This was a request in connection with

5 the In re Delphi ERISA Litigation,

6 that's part of the multi-district

7 litigation in the United States District

8 Court for the Eastern District of

9 Michigan seeking certification of

10 bankruptcy rule 7023 of that class for

11 purposes of pursuing a class -- a proof

12 of claim and to appoint counsel in these

13 cases. Your Honor, we are pleased to

14 report, and Your Honor's already entered

15 and docketed a stipulation order docket

16 number 2659 that places this matter

17 essentially in suspense on this -- the

18 agenda in this Court, pursuant to the

19 terms of the stipulation at docket

20 number 2659. And until there's further

21 progress in the MDL litigation which

22 includes a proposed ERISA class action

23 against Delphi and others that are

24 pending as indicated in the U.S. States

25 District Court for the Eastern District

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2 of Michigan. So without resetting all
3 the terms of the stipulation,
4 essentially there'll be no further
5 action in this case until Judge Rosen
6 reaches some decisions in the MDL
7 litigation. And there are some safe
8 harbors in the stipulation order that
9 was presented to Your Honor dealing with
10 the filing of ERISA proofs of claim.

11 THE COURT: Right. That was a
12 good way to resolve it.

13 MR. BUTLER: Your Honor, matter
14 number 13 on the agenda is our second
15 and we hope final removal deadline
16 extension motion. It's a request to
17 Your Honor to extend the time by which
18 the debtors can file notices of removal
19 with respect to any actions pending on
20 the petition date to the later of June
21 7, 2007 or 30 days after entry of an
22 order terminating the automatic stay
23 with respect to a particular action
24 sought to be removed. We picked June
25 7th, Your Honor, as essentially the same

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2 date 365(d)(4) has already been approved

3 through. It is consistent with our

4 reorganization calendar and we hope that

5 we won't have a need to seek a further

6 extension of that time. Just a note on

7 service, Your Honor, when we brought the

8 first one on, Your Honor may recall we

9 had limited service of the first request

10 and therefore we had more limited

11 requests to extend the removal period.

12 For this particular motion, which

13 involves approximately 200 judicial

14 administrative proceedings that are

15 pending across the United States, we

16 actually expanded the notice list. So

17 we provided a notice to the various

18 parties for the actions or their known

19 counsel, some 552 special parties who --

20 172 actions implicated by these motions

21 in either state or federal court. We

22 did not provide any additional notice

23 with respect to certain administrative

24 proceedings for about 65 of those.

25 Those are implicated by 9027 so we did

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2 not serve those further. Your Honor, we
3 think we provided the appropriate level
4 of notice now that was easier to do once
5 we had our scheduled statements in place
6 and there have been no objections filed
7 by any party to the relief requested.

8 THE COURT: Okay. I'll grant
9 the motion. Obviously the more
10 developed the litigation gets, the
11 greater risk it is that it might get
12 remanded after it's removed. But I know
13 you're aware of that. But the motion
14 lays out the basis for the extension.

15 MR. BUTLER: Thank you, Your
16 Honor. Your Honor, matter number 14 on
17 the agenda is our motion seeking
18 authority and approval to sell one of
19 the debtors' equity interest in a
20 Chinese joint venture, it's at docket
21 number 2436. Your Honor, while this
22 deals with our global business, there
23 are as Your Honor may even recall from
24 the first day, there are occasionally
25 intersections between our global

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2 businesses and those entities that are

3 in Chapter 11. And we've reviewed these

4 transactions on a monthly basis with the

5 creditors' committee at each of our

6 monthly meetings and some of them rise

7 to the level, we need to file them with

8 the Court. This is one of those

9 examples because by this, we're seeking

10 to sell a 50 percent equity interest in

11 a joint venture that's called Shanghai

12 Delco Electronics and Instrumentation

13 Company Ltd. That interest is owned by

14 Delphi Electronics Holding LLC which is

15 a debtor in these jointly administered

16 cases. This is the residual of the

17 Delco businesses that were in the

18 company's corporate structure and this

19 is the entity -- Delphi Electronics

20 Holding LLC, is the entity that holds

21 these various Delco interests. And

22 we're seeking to sell this to our joint

23 venture partner, Shanghai Agricultural

24 Industry and Commerce Group, Shanjung

25 General Corporation as well as their

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2 senior manager, Mr. Yang Yee. And we're
3 proposing to do it, it's a sales price
4 of 7.5 million dollars. We've reviewed
5 this transaction the motion describes in
6 detail and the terms of it, we've
7 reviewed this transaction with the
8 creditors' committee and noticed it to
9 both the 2002 and master service list.
10 We anticipate the transaction will be
11 completed by June, 2006 and there are no
12 objections to the motion.

13 THE COURT: Okay. And there
14 are no liens on the interest, it doesn't
15 have to be free and clear, because it's
16 unencumbered?

17 MR. BUTLER: Your Honor, I
18 don't believe there are any current
19 liens that I'm aware of. I don't know
20 that for sure.

21 THE COURT: Okay. The motion
22 clearly lays out the reasons why the
23 debtor wants to do the sale and the sale
24 process, so I will approve it. There
25 wasn't an order attached to this one,

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2 that's why I asked about 363.

3 MR. BUTLER: Your Honor, I need
4 to check on the thing, I mean, most of
5 the things when we take the trouble
6 bringing something under 363 we seek to
7 have it free and clear.

8 THE COURT: Right.

9 MR. BUTLER: And the motion
10 would have sought that, so I looked the
11 order -- my anticipation would be that
12 the order would include that provision.

13 THE COURT: Well, no one has
14 objected. I just haven't seen the
15 orders here.

16 MR. BUTLER: I'll get an order
17 and get it submitted to Your Honor, but
18 I would include in the order a provision
19 to sell it free and clear.

20 THE COURT: Okay. All right.

21 MR. BUTLER: Thank you, Your
22 Honor. Your Honor, the next matter
23 number, matter number 15 on the agenda,
24 again one of these matters that touches
25 a global business matter that touches

1 DELPHI CORPORATION

2 the estate and we've brought a motion

3 seeking authority to make equity

4 investments in Delphi Furhauer Systems

5 LLC and for improving procedures to make

6 additional contribution without further

7 Court approval. The reason for this

8 Your Honor, is the contributor would be

9 Delphi Automotive Systems LLC, we refer

10 to it as DAS or DAS LLC, which is a

11 debtor in these jointly administered

12 cases. And the contributions and equity

13 investments will be made in the joint

14 venture, which I indicated as is Delphi

15 Furukawa Wiring Systems LLC, and that

16 also is an affiliate debtor. And so we

17 have now two of these, but it involves,

18 frankly, a business enterprise that has

19 been closely worked out with Toyota. So

20 this is a non-GM -- a business which is

21 important to the company, one of our

22 customers, and we're seeking authority

23 to make 3.1 million dollars of scheduled

24 equity contributions that are laid out

25 in the LLC agreement and are due to be

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2 paid in installments between now and
3 2007 and the authority to make excess
4 contributions up to an additional 1.5
5 million based on notice procedures that
6 are set forth in the motion in the
7 proposed order. Again, Your Honor, the
8 motion lays out the business basis for
9 all of this. We've reviewed this as one
10 of our transactions with the creditors'
11 committee at one of our regular meetings
12 and between the financial advisors to
13 the committee and the company. And I've
14 noticed it to the master 2002 list and
15 there are no objections to the relief
16 requested.

17 THE COURT: Okay. This doesn't
18 change -- these investments are intended
19 to be made in the percentages set forth
20 in the JV agreement. You're not
21 changing the JV agreement, this is
22 funding?

23 MR. BUTLER: No, we're not.

24 THE COURT: All right. Based
25 again on the motion papers and there

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2 being no objection including by the
3 committee, after review, I'll approve
4 it.

5 MR. BUTLER: Thank you, Your
6 Honor. Your Honor, matter number 16 is
7 the Lockport Energy Agreement that we've
8 been promising Your Honor for some time.
9 We're very, very pleased to present it
10 to the Court today. This is the
11 agreement that required, among other
12 things, an approval -- regulatory
13 approval that we were able to obtain.
14 In fact, that approval was received, I
15 believe, on February 27th, 2006. We've
16 been working closely with the state of
17 New York and regulatory entities within
18 the state of New York. I could deal
19 with this, this is all involving the
20 Lockport facility and would provide the
21 opportunity for us to obtain energy and
22 products at a much reduced rate as we go
23 forward. This is a fairly complex
24 transaction, it's described in detail in
25 the moving papers and unless Your Honor

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2 has specific questions, we do have a
3 Delphi representative here familiar with
4 the transaction answering questions Your
5 Honor may have and have a proffer in
6 connection if Your Honor wants to
7 receive it. But again, we've reviewed
8 this transaction with our creditors'
9 committee, we noticed it out to the
10 master and 2002 list and there are no
11 objections to the proposed transaction.

12 THE COURT: Okay. I don't need
13 a proffer in light of that and the
14 clarity of the motion papers, so I'll
15 approve it for the reasons stated in the
16 motion.

17 MR. BUTLER: Thank you, Your
18 Honor. Your Honor, matter number 17 is
19 Appaloosa's motion to file under seals
20 and discovery matters, this was filed at
21 docket number 2566. This motion was
22 resolved in its entirety by the pretrial
23 order that Your Honor entered at docket
24 number 2745, and under the terms of that
25 order it was to be presented today as a

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2 resolved matter.

3 THE COURT: All right. But the
4 order's been signed and --

5 MR. BUTLER: Yes, Your Honor.

6 THE COURT: Okay.

7 MR. BUTLER: Your Honor, under
8 the contested matters, matter number 18
9 is the motion directing appointment of
10 General Motors Corporation to the
11 statutory creditors' committee, filed at
12 docket number 2443. There was series of
13 objections filed to that motion, the
14 debtors filed a statement which neither
15 supported nor opposed the motion and
16 yesterday evening General Motors filed a
17 withdrawal of the motion at docket
18 number 2746.

19 THE COURT: Okay. I'm sure
20 they'll remain very active in the case.

21 MR. BUTLER: I think that's
22 correct, Your Honor.

23 THE COURT: Okay.

24 MR. BUTLER: We need and desire
25 and look forward to their active

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2 participation. Your Honor, matter
3 number 19 on the agenda is the Bank of
4 America summons matter involving the
5 recognition of their liens involving, I
6 think, some aircraft, filed all the way
7 back at adversary case 06-01121 and
8 again, Mr. Berger is handling this
9 matter.

10 MR. BERGER: Judge, this is the
11 first pretrial conference for Bank of
12 America and its adversary proceeding.
13 Counsel for Bank of America, asked that
14 I report, and so did the other
15 defendants, this is a strange adversary
16 proceeding naming the debtor -- one of
17 the debtors, the committee and both the
18 pre and post-petition agents, seeking a
19 declaration that its liens are senior
20 and the only liens against aircraft
21 equipment and charter revenue. Your
22 Honor has dealt with these issues both
23 in the context of the DIP order and
24 there's a provision in paragraph 25 that
25 protects Bank of America. Bank of

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2 America brought on the motion for
3 adequate protection. That was resolved
4 and provided a review hearing for the
5 committee and to the debtor to object to
6 those liens; that date has come and
7 gone. Arguably the commencement of the
8 adversary proceeding renewed that review
9 period. But Bank of America's counsel
10 is speaking with the lender's counsel,
11 they're trying to work out some kind of
12 a stipulation and we thought -- all of
13 us in the adversary proceeding thought,
14 rather than coming in to argue on the
15 motion practice hopefully this matter
16 can be resolved without argument.

17 THE COURT: Okay, very well.

18 MR. BUTLER: Your Honor, one
19 other matter that's not on the agenda,
20 what could have been matter number 20.
21 Your Honor will recall when we spoke
22 about this at the last omnibus hearing,
23 there was an adversary proceeding filed
24 and motion practice in connection with a
25 group of underwriters who were seeking

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2 an extension of the automatic stay in

3 their benefit with respect to the

4 debtors' automatic stay. There was a

5 good deal of discussion about that, the

6 debtors concluded for a variety of

7 reasons that they would oppose that

8 relief believing, among other things,

9 that we would not ask Your Honor or join

10 in the relief to ask Your Honor to

11 extend the automatic stay to all

12 parties. And a partial automatic stay

13 was not acceptable to either of us or, I

14 believe, to the creditors' committee.

15 And we actually believe, as we've said

16 to Your Honor before and as we've said

17 on the record in our first day

18 pleadings, this case was not filed

19 because of the multi-district litigation

20 or because of the issues raised there,

21 it was filed for very different reasons

22 involving our labor transformation needs

23 in this case. And consequently, we did

24 not believe it was appropriate to try to

25 essentially seek to slow down the MDL

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2 litigation but rather to maintain the
3 current status quo which I do point out
4 includes an automatic stay against the
5 debtors at the moment, and we're not
6 waiving that stay as it relates to us.
7 But we are actively involved through
8 Sterling & Sterling and to some extent
9 through our firm in addressing MDL
10 issues. Based on that reality, the
11 underwriters elected to withdraw both
12 the motion and to withdraw the adversary
13 proceeding. So that matter is also off
14 the Court's docket.

15 THE COURT: Okay. That makes
16 sense.

17 MR. BUTLER: Your Honor, that
18 completes our omnibus hearing for the
19 month of March. We're back here on
20 April 7th. Between now and then, March
21 21st is our special setting on the
22 equity committee motion which we'll be
23 dealing with and March 31st is the not-
24 later-than date by which our 1113/1114
25 pleadings are due.

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2 THE COURT: Right. Okay, very
3 well. Thank you.

4 MR. BUTLER: Thank you, Your
5 Honor.

6 THE COURT: Thank you.

7 (Whereupon these proceedings
8 were concluded.)

9 (Time Noted: 10:31 a.m.)

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2 I, Esther Accardi, hereby certify that
3 the foregoing is a true and correct
4 transcription, to the best of my ability, of
5 the sound recorded proceedings submitted for
6 transcription in the matter of:
7 Delphi Corporation.

8

9 I further certify that I am not employed
10 by nor related to any party to this action.

11

12 In witness whereof, I hereby sign this
13 date:
14 March 12, 2006

15

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17 _____
Esther Accardi

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